

CALIFORNIA ENERGY COMMISSION

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www.energy.ca.gov



Addendum 2

November 21, 2012

PON-12-505

GRANT SOLICITATION APPLICATION PACKAGE

Pipeline Integrity Technology Demonstration Grant

The purpose of this addendum is to:

1. Post the questions and answers presented at the Pre-Application Workshop and received in writing.

**Michael Poe
Grants Officer**

QUESTIONS AND ANSWERS FOR PON-12-505

November 21, 2012

- 1. The PON document states in Section II – “Eligible Applicants” that all private-sector grant recipients must agree to use only the private-sector PIER Grant Terms and Conditions. Exhibit E-3 of these Terms and Conditions defines parameters of Royalty Payments to be paid by the Contractor to the Energy Commission as a result of Sales of Project-Related Products and Rights. Exhibit G-19 defines this term.**

- Our organization is not clear whether this definition for “Project-related Products and Rights” includes Services sold (such as ILI services provided for NG pipeline operator) using technology developed using funds from this grant (as opposed to the sale of a discrete material item). Please clarify.**

Answer: Services are not considered intellectual property. However, use of technology developed as a result of this grant is considered intellectual property and would be subject to the Energy Commission’s royalty provisions. Examples of intellectual property include: technology, system, device, design, process/method/technique, mechanism, protocol, software, machine/components, formula, algorithms, drawings/diagrams, patterns, data, book, document, photograph, word, phrase, and symbols.

- Also, please clarify how Royalty Payments would be prorated when these Project-related Products are developed: (a) Using technology obtained through a combination of grant funding and match funding, and (b) Using a combination of technology developed through this grant funding and existing technology already owned by the Contractor.**

Answer: The Energy Commission strives to make a fair arrangement with the repayment of royalties and can amend the agreement to incorporate a prorated amount when royalties are due if doing so results in a fair payment. However, the Energy Commission is not under an obligation to make such a change, and applicants should assume the payment arrangement described in the terms, which do not include a prorated amount because each situation is different and not amenable to a general rule, applies. Please also refer to the following website and Section 25 for information regarding royalty payments:

http://www.energy.ca.gov/contracts/pier_terms_segmented/PIER_Grant_Standard.pdf

2. Does the site need to be in an Investor Owned Utility (IOU) service territory for natural gas projects?

Answer: Yes, all projects awarded under this solicitation must be demonstrated in an IOU natural gas service territory.

3. What is an IOU service territory?

Answer: An IOU service territory is the area served by one of California's investor owned natural gas utilities: Pacific Gas and Electric, Southern California Gas and San Diego Gas and Electric.

4. Who is eligible to apply for this solicitation?

Answer: Public and private entities that agree to use only the PIER Grant Terms and Conditions (www.energy.ca.gov/contracts/index.html) are eligible to apply to this solicitation. Entities that assisted in forming this solicitation are not eligible to apply.

5. When is a letter of support for the project from a utility partner required?

Answer: The letter of support from an IOU partner must be submitted with the proposal. The "Client References" section of the evaluation criteria established in the PON (Page 17) requires at least one letter of support for the project from a utility partner.

6. Would it be possible to provide contact information for representatives of the IOUs to contact regarding proposals and possible demonstrations within their territory?

Answer: The following are contacts at California's IOUs that are familiar with this solicitation and the current projects funded by the California Energy Commission in the area of natural gas pipeline integrity.

PG&E

Francois Rongere	Fxrg@PGE.com	415-517-0946
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SoCal Gas

Mike Bermel	MBermel@SempraUtilities.com	213-244-5331
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SoCal Gas & SDG&E

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